

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 460 – SB 1443

March 5, 2021

SUMMARY OF BILL: Increases, to \$500, the base amount of cash assistance awarded to recipients who also qualify for childcare assistance from the Department of Human Services (DHS). Requires that there be no restrictions on how the recipients spend the additional award amounts.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – A recurring increase in federal Temporary Assistance for Needy Families (TANF) expenditures for the Department of Human Services (DHS) exceeding \$39,986,900 in FY21-22 and subsequent years.

While these expenditures can currently be absorbed within the DHS's existing TANF block grant, to the extent caseloads increase, or other legislation is enacted which utilizes such funds, DHS will experience an increase in state expenditures. The extent and timing of any additional increase in state expenditures, if any, cannot be reasonably determined.

Passage of this legislation could jeopardize a portion or all of the federal funding for Temporary Assistance for Needy Families of approximately \$191,000,000.

Assumptions:

- The Temporary Assistance for Needy Families (TANF) is the only state program that provides both cash assistance and child care assistance.
- Based on information provided by DHS, the proposed legislation will increase the base award amount to all TANF recipient families with fewer than seven recipients in the family, or 15,223 families (15,291 total recipient families – 68 families with seven or more recipients).
- The total annual amount to provide all 15,223 TANF recipient families a base award of \$500 is estimated to exceed \$91,338,000 (15,223 families x \$500 x 12 months).
- The total annual amount currently being awarded to families with seven or more recipients is at least \$408,000 (68 families x \$500 base award).
- The average total annual expenditures to DHS for TANF cash assistance over the previous three fiscal years, excluding Covid-19 related expenditures, is \$51,759,110.

- Excluding families with seven or more recipients would result in TANF case assistance of \$51,351,110 (\$51,759,110 - \$408,000).
- The total recurring increase in federal expenditures to DHS for TANF cash assistance is estimated to exceed \$39,986,890 (\$91,338,000 - \$51,351,110) in FY21-22 and subsequent years.
- While the estimated recurring increase in federal TANF expenditures can currently be absorbed within the DHS's existing block grant, to the extent caseloads increase or other legislation is enacted that utilizes such funds, DHS may experience an increase in state expenditures to meet the requirements of this legislation. The extent and timing of any additional fiscal impact to DHS, if any, are unknown and cannot be reasonably determined.
- Pursuant to 45 C.F.R. § 264.60, states are required to implement policies and practices to prevent TANF funds from being used in any liquor store, casino, gambling establishment.
- Removing the restrictions on how TANF recipients use their benefits could jeopardize a portion of federal TANF funds of approximately \$191,000,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Bojan Savic, Interim Executive Director

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